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A Bimonthly Newsletter for Economic Research Service Employees and Colleagues

O'Brien Is New Deputy Administrator for Situation and Outlook

Patrick O'Brien (below) has been selected to fill the newly created position of Deputy Administrator for Situation and Outlook, pending final approval by the Office of Personnel Management.

ERS has acted to improve the quality, usefulness, timeliness, and visibility of its situation and outlook (S&O) program by establishing the position of Deputy Administrator for Situation and Outlook. The new position aims to provide agencywide leadership and coordination for the S&O program and improve the marketing of S&O products.



O'Brien's work with ERS dates to 1972 when he joined the Foreign Demand and Competition Division. He has served as a foreign country analyst, commodity specialist, policy analyst, and chief of the World Analysis Branch. O'Brien was also Assistant Director of ERS's International Economics Division before becoming the Deputy Associate Administrator for Situation and Outlook in 1982. He has a B.A. from Catholic University (where he was graduated *summa cum laude*, was a member of Phi Beta Kappa and Phi Eta Sigma honorary societies, received departmental honors, and was a University Fellow and Woodrow Wilson Fellow) and an M.S. in economics from Johns Hopkins University (where he was graduated *summa cum laude* and received the Outstanding Overall Excellence Award). O'Brien has received three USDA Certificates of Merit, three ERS Administrator's Special Merit Awards, the ERS Excellence Award, the Foreign Agricultural Service Administrator's Award, and USDA Superior Service Award.

Paul Is AAEA Fellow

ERS alumnus Allen Paul was selected to be a Fellow of the American Agricultural Economics Association (AAEA) at the AAEA meeting in July. Paul retired in 1984 after more than 26 years with ERS and its predecessor agencies.



Paul joined USDA in 1958 and served in various research and management capacities, including editor of ERS's journal, *Agricultural Economics Research*. Prior to 1958, Paul was a researcher at the Brookings Institution (1950-53 and 1956-58), private consultant (1954-55), and assistant professor at the University of Illinois (1947-49). He was visiting professor at the University of Hawaii in 1968/69.

Paul is widely recognized for his work on the functioning of markets, the role of marketing institutions, and the operation of futures markets. His research has been reported in a wide range of publications. Paul's *Treatment of Hedging in Commodity Market Regulations* (1976) is considered the best available treatise on the regulation of futures trading. He received USDA's Superior Service Award in 1975 and the first prize of the American Farm Economics Association's (AAEA's original name) essay contest in 1966.

Inside . . .

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ERS staff were well-represented on the program of the American Agricultural Economics Association's (AAEA) summer meeting in Reno, July 27-30. See articles on AAEA award recipients on page 2 and a list of who did what on the program on page 8.

Hrubovcak and LeBlanc Receive AAEA Quality of Research Discovery Award

ERS economists James Hrubovcak and Michael LeBlanc (below) received the American Agricultural Economics Association's (AAEA) Quality of Research Discovery Award at the AAEA meeting in July. The award was for their research reported in *Tax Policy and Agricultural Investment* (TB-1699, June 1985).

While other economists have studied the effects of tax policy on nonfarm business investments, Hrubovcak and LeBlanc have provided, for the first time, a corresponding assessment of tax policy impacts on investments in agricultural equipment, structures, and land. Using a "third generation" dynamic optimization framework, they found that a significant share of investments in agriculture during the 1960's and 1970's were stimulated by tax policies, especially the investment tax credit. Ironically, by contributing to greater agricultural output and productivity, those investment incentives have also worked at cross purposes with farm policies aimed at restricting output and supporting farm income.



Huang Receives AAEA Award

ERS economist Kuo Huang received an honorable mention citation under the American Agricultural Economics Association's (AAEA) Quality of Research Discovery award category at the AAEA meeting in July. The citation was for his research reported in *U.S. Demand for Food: A Complete System of Price and Income Effects* (TB-1714, December 1985). See the *ERS Newsletter*, Vol. 4, No. 2, March/April 1986, p. 6, for a brief description of the study.



Bertelsen, Fleisher, and Haley Receive Outstanding Thesis Awards

ERS economists Diane Bertelsen, Beverly Fleisher, and Stephen Haley (above) won American Agricultural Economics Association's awards for outstanding theses. Bertelsen's award was for her master's thesis, "Farm-Level Risk Management: A Safety-First Analysis." Her thesis advisor was Glenn Pederson, North Dakota State University.

Fleisher's award was for her Ph.D. thesis, "A New Measure of Attitude Toward Risk." Her advisor was Philip Robison, Michigan State University.

Haley's award was for his Ph.D. thesis, "The Theory of Agricultural Comparative Advantage." His advisor was Philip Abbott, Purdue University.

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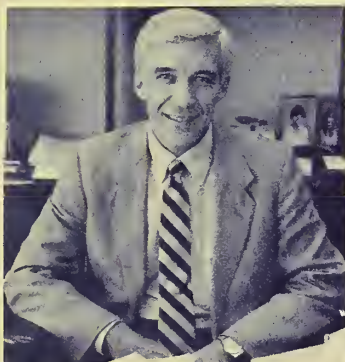
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Associate Administrator's Letter – Impressions

ERS is a large and complex organization with a broad-based mission. In my first 2 months here, I have neither acquired a detailed understanding of the agency's programs nor met all the staff. Yet, I have learned a great deal and gained some initial impressions.



Generating and providing economic intelligence is a difficult and somewhat risky business, particularly in recent years. High-quality research and service programs are prerequisites to providing sound analysis and minimizing errors. High-quality programs are the result of competent and committed analysts and management.

ERS research programs include projects in most areas critical to analyzing the problems and opportunities of the agricultural sector, rural economies, and the resource base. I am amazed at the number and diversity of research projects, ranging from macrolinkages and international market competitiveness to rural economic growth and structural adjustment. Citations of ERS research results and data are found throughout the agricultural economics literature as well as in the work of other disciplines in industry, government, and academia.

The responsiveness of the agency to a growing number of staff requests, special research projects, and interagency and cooperative efforts is commendable, particularly with reduced funding and staff. Although we can improve in turnaround time, communication, and coordination, the quantity of output is impressive.

The richness of the ERS data base is enviable. The quality and breadth of the *Farm Costs and Returns Survey* data are unsurpassed in the profession. Many other less well known but nonetheless rich data bases are maintained throughout the agency. However, access to many of them is not yet "user friendly." But much progress has been made to create an agencywide data base that is both user friendly and high quality. When accomplished, the agency will have made a major contribution to the profession.

ERS continues to be the world's most important source of objective situation and outlook (S&O) information on U.S. and world agriculture. As John Lee outlined in the last *ERS Newsletter* (Vol. 4, No. 4, July/August 1986, p. 3), the (S&O) programs continue to be a major responsibility of the agency. To properly serve industry, university, and government colleagues and future needs, ERS must have a world-class S&O program. The agency is refocusing its S&O program and establishing better linkages.

What about program quality? Quality is judged on many fronts—by our peers and by the users of our products. Peer recognition of high quality is evidenced by the awards received by ERS staff and the papers accepted for presentation at the summer meeting of the American Agricultural Economics Association. Congratulations! The many citations of ERS products in professional journals, trade magazines, speeches, congressional testimony, and the news media, and the number of requests we receive for information and analysis suggest high quality and much used products. A recent report to the President and the Congress by the National Agricultural Research and Extension Users Advisory Board noted the need for ERS research programs. In fact, the Board recommended a significant budget increase to permit us to expand programs in several areas. Both users and peers award high marks to ERS programs and staff.

I am impressed with the competence and professionalism of the ERS staff and with its pride in performance and commitment to quality.

B.H. Robinson

Current Research

Americans Spend Small Share of Income on Food

A recent article by ERS economists Penny Korb (786-1624) and Harry Harp (786-1870) in ERS's *National Food Review* reveals that Americans typically spend less for food as a percentage of their overall expenditures than consumers in other nations of the world. The amount of money Americans spent on food per capita was, however, near the average for other developed countries.



ERS Sponsors Trade Modeling Workshop

ERS was well-represented at a workshop on international trade following the AAEA meeting at Reno, Nevada. The workshop was sponsored by the AAEA Modeling Committee and the International Agricultural Trade Research Consortium. ERS economist David Harrington (786-1520) organized the conference. Among the 20 speakers were Nobel Laureate Lawrence Klein, University of Pennsylvania; AAEA Fellow Andrew Schmitz, University of California (Berkeley); USDA Assistant Secretary Robert Thompson; Alex McCalla, Chairman of the International Agricultural Trade Research Consortium; Edward Rossmiller, Resources for the Future; Philip Paarlberg, Purdue University; Nancy Schwartz, American University; and ERS economists Jerry Sharples and William Kost.

The conference stressed the following general

themes:

- Economic and institutional structures of trade.
- Policy issues and questions in trade and analysis.
- Appropriate structures of trade models.
- Comparative structure and performance of trade models.
- Assessment of the state-of-the art in trade modeling.

A proceedings publication is planned under the sponsorship of AAEA.

IED to Develop Data Base

ERS's International Economics Division (IED) plans to develop and implement a data base dictionary for internal and external access to international information used within the division. Currently used series on supply and use of major commodities, prices, and other major socioeconomic indicators will be identified. The published directory will be supported by an online data base retrieval system that can be regularly updated. Entries in the directory will include categories, storage media, time periods and frequency of observations, areas or countries covered, frequency of updates, and technical contacts. For further information, contact David Stallings (786-1624).

ERS Research Supports CBI

ERS has initiated a 2-year project in support of the President's Caribbean Basin Initiative (CBI). The CBI has increased the demand for information about the region's product markets and sources of supply. ERS's project is to provide information on the price, quantity, and source of selected fruits and vegetables produced, consumed, and exported to the United States. In addition, research will be undertaken to determine trends and seasonality in the annual and monthly quantity and price data for fruits and vegetables in the region.

The ERS study will include most of the 27 Caribbean and Central American countries included in the CBI. Initiatives to diversify agriculture, create employment opportunities, and generate additional exports and foreign exchange earnings will play an important role in those countries' development.



ERS Profiles Black Farmers

In *Black Farmers and Their Farms* (RDRR-59), ERS demographic statistician Vera Banks (786-1534) reports that black farmers represented less than 2 percent of the nation's 2.2 million farmers in 1982, down from 14 percent in 1920. Black farmers, however, represented 61 percent of all minority farmers.

Black-operated farms continued to be heavily concentrated in the South. By 1982, more than 62 percent of all black farmers were full owners of their farms, compared with only 16 percent in 1930. The average black-operated farm had only about 100 acres compared with the national average of 440 acres. Most black farmers in 1982 specialized in livestock and cash grains but were more likely than other farmers to rely on tobacco as their principal source of farm income. Almost a third of black farmers were 65 or older; less than a fifth of farmers nationwide were that old.

New Report Looks at Farm Financial Conditions

Farmers' cash flow improved in 1985 largely because of high direct Government payments and increased Commodity Credit Corporation loans, according to a new ERS report that analyzes the annual *Farm Costs and Returns Survey*. Farmers' equity positions, however, continued to erode because of the drop in real estate values. The proportion of farms in the most serious financial difficulty (those with high debt/asset ratios and negative cash flows) declined from 12.5 percent in 1984 to 11 percent in 1985. The Corn Belt, the Northern Plains, and the Lake States accounted for over 60 percent of the farms in the most serious financial difficulty. Financial stress was highly concentrated among farms with annual sales of \$40,000 or more and among grain and general livestock farms.

Free copies of the report, *Financial Characteristics of U.S. Farms, January 1, 1986*, are available while supplies last (786-1515, Room 208).

Input Prices Continue to Decline

The August issue of *Agricultural Resources: Inputs Situation and Outlook*, coordinated by ERS economist Herman Delvo (786-1457), tells of new and continued declines in the prices of several major production inputs.

Average farm level herbicide prices have declined since 1982, while insecticide prices have been up and down. Fertilizer prices have trended down since 1981, except in 1984 when they rose because of increased demand after the PIK year. Gasoline and diesel fuel prices have dropped sharply since their peak in 1981 and in July 1986 stood at 84 and 59 cents per gallon, respectively.

The prices-paid index for tractors and farm machinery rose rapidly in the early 1980's, leveled off in 1985, and declined slightly in 1986. However, farmers actually paid less because of rebates, interest rate discounts, and deferred payment plans.

In addition to benefiting from lower input prices, many farmers seeking to cut costs and save soil have shifted from conventional to reduced tillage.

A feature article by Delvo and ERS economist Philip Szmedra (786-1462) shows that, in 1985, farmers in the major corn- and soybean-growing States used reduced tillage on 46 percent of their corn acreage and 33 percent of their soybeans. Survey data on tillage indicate that farmers went over their corn fields an average of 3.2 times using reduced tillage versus 3.9 using conventional tillage. For soybeans, the average number of times over was 4.8 under conventional tillage and 4.0 with reduced tillage.

The EC Has Budget Woes

Budget problems have plagued the European Community (EC) since the early 1980's as expenditures under the Common Agricultural Policy (CAP) have escalated. Reform of the CAP may ease the EC's budgetary pressures but may adversely affect the United States and other exporters of temperate-climate agricultural products.

ERS analyst Ruth Elleson (786-1718) is analyzing the role of the CAP in international trade and evaluating the likelihood of CAP reform by examining the EC budget in terms of "runaway" expenditures for agriculture and the limited sources of revenue available to finance those expenditures.

Personnel Notes

Conklin Is New NED Deputy Director

Neilson Conklin has been selected to be Deputy Director for Policy and Staff Analysis, National Economics Division (NED). He has a B.S. (with highest honors) from Castleton State College, Vermont, an M.S. from the University of Wyoming, and a Ph.D. from the University of Minnesota.



Prior to joining ERS, Conklin was assistant professor, Department of Agriculture and Natural Resource Economics, Colorado State University. As part of his extension responsibilities at Colorado State University, he developed a wide range of outlook and other materials for publications, speeches, and the media.

Conklin has been the leader of the Fruits and Vegetables Economic Outlook Section of NED's Fruits, Vegetables, and Sweeteners Branch where he has been involved in a number of policy and staff assignments on sugar, fruits, and vegetables in addition to providing leadership to the outlook program.

Conklin is a member of the American Agricultural Economics Association, Western Agricultural Economics Association, and Southern Agricultural Economics Association and has served on many professional and academic committees during his career. In 1980, he received a doctoral research fellowship from the General Accounting Office.

Harrington Is New ARED Deputy Director



David Harrington has been appointed Deputy Director for Agriculture of ERS's Agriculture and Rural Economics Division (ARED). In ERS, he has served as chief of the Farm and Rural Economy Branch and the Farm Sector Economics Branch. Harrington was employed

by Agriculture Canada as an agricultural economist and Director of CANFARM (the Canadian national farm management information system) until that function was turned over to the private sector in 1979. He was formerly with ERS as a field employee stationed at the University of New Hampshire, Cornell University, and Purdue University from 1964 to 1973.

Harrington has received the ERS Excellence Award for Research, the ERS Administrator's Special Merit Award, three USDA Certificates of Merit, and the AAEA Award for Outstanding Ph.D. Dissertation. His degrees are from Cornell (B.S.), University of New Hampshire (M.S.), and Purdue University (Ph.D.). He spent time farming (dairy and small fruits) in New Hampshire and as an officer in the U.S. Navy prior to his graduate work.

Leath Is New Branch Chief

Mack Leath has been selected to be chief, Crops Branch, National Economics Division. On the ERS staff since 1965, Leath worked for ERS at the University of Illinois before being appointed branch chief.



Leath joined ERS as a member of the Fibers and Grains Branch of the Marketing Economics Division. He has held positions with the Crops Branch (and its

predecessors) at Stillwater, Kansas City, and Urbana.

Leath has authored or coauthored over 100 journal articles, research bulletins, staff reports, contributed papers, and conference papers on a wide range of issues.

Leath has received USDA's Certificate of Merit, has been nominated for the American Agricultural Economics Association's (AAEA) Quality of Research Discovery Award, directed a thesis whose author received the AAEA's Outstanding M.S. Thesis Award in 1981, and has been elected to several national agricultural and economics honorary societies.

Leath received B.S. and M.S. degrees from Auburn University and a Ph.D. from Oklahoma State University.

Aldrich Is New Section Leader

Lorna Aldrich is the new leader, Situation and Outlook Section, Western Europe Branch,



International Economics Division. She was most recently an economist in the Current Business Analysis Division, Bureau of Economic Analysis, U.S. Department of Commerce. During 1980-83, she was economics editor of ERS's *Agricultural Outlook* and

received the ERS Administrator's Special Merit Award for improvements to that publication. In 1983, she was also coeditor of ERS's journal, *Agricultural Economics Research*.

During 1970-80, Aldrich worked for the University of Texas (Austin) in several positions, including Associate Director, Bureau of Business Research, College of Business, and instructor in the Department of Economics and College of Business. While there, she authored a number of articles and reports on national and regional economic issues.

Aldrich has a B.A. in sociology from Douglass College, an M.A. in economics from Michigan State University, and a Ph.D. in economics from the University of Texas (Austin).

Christensen Is New Section Leader

Lee Christensen has been selected to be leader, Poultry Section, Animal Products Branch, National Economics Division.



Christensen joined ERS in 1966 after completing B.S. and M.S. degrees at Iowa State University. He received an MBA in 1972 and a Ph.D. in 1975 from Michigan State University. Christensen has authored over 75 publications in the

area of resource economics covering a wide range of outlook, policy, and research issues. He received two USDA Certificates of Merit and the ERS Administrator's Special Merit Award for Communications.

Hacklander Moves to EIB

Duane Hacklander has transferred to the Economic Indicators Branch where he will be the leader of the Farm Financial Analysis Section. Hacklander joined ERS in 1962 as a research



economist in the Livestock Group of the Animal Products Branch, Marketing Economics Division, where his research involved a range of issues including marketing margins and spreads and the performance of the livestock sector.

In 1973, Hacklander joined the Oil Crops Program Area of the Commodity Economics Division and provided research leadership for policy and industry studies for peanuts, soybeans, and other oil crops. In 1979, he became leader of the Fibers and Oils Research Section in the Crops Branch of the National Economics Division. More recently, he was acting branch chief of the Crops Branch. Hacklander has B.S. and M.S. degrees from the University of Minnesota and a Ph.D. from Michigan State University. He has received four USDA Certificates of Merit, the USDA Superior Service Award, and was appointed by Secretary John Block to be one of 11 members of the Soybean Research Advisory Institute.

Magiera Returns from OECD

Stephen Magiera has returned from a 2-year assignment at the Organization for Economic



Cooperation and Development (OECD) headquarters in Paris, France. He is now leader, Economic and Trade Policy Section, International Economic and Trade Policy Branch, International Economics Division (IED).

At OECD, Magiera worked with members of the Agricultural Secretariat on a study of agricultural protectionism and solutions to agricultural trade problems. The study, mandated by OECD ministers, will provide background information for the upcoming GATT negotiations on agricultural trade. The study also received an endorsement from heads of government at the recent Tokyo economic summit.

Prior his OECD assignment, Magiera was leader, Situation and Outlook Section, Western Europe Branch, IED. He came to USDA in 1977 after 2 years in England where he was manager of macroeconomic forecasting at a London-based consulting firm. He studied economics at the University of California (San Diego) and received B.S. and M.S. degrees from the University of California (Berkeley).

ERS **NEWSLETTER**

Highlights of Staff Activities

NBC News' Tom Brokaw recently ran a story on rural bank failures that drew heavily from a *Rural Development Perspectives* article by Greg Gajewski • Fred Hines presented a paper entitled "The State of the Rural Economy of the South" to the Southern Legislation Conference in Fort Worth • the *Farm Journal* will use information provided by ERS tax analysts Ron Durst and Ron Jeremias for a series of articles on the effects of tax reform • Bill Crosswhite, John Hostetler, Stan Daberkow, and Ted Eichers briefed a delegation of Soviet scientists on U.S. irrigation and the production and distribution of manufactured farm inputs • John Day and Marcel Aillery went to Mali to study farming practices and obtain data for a U.S. Agency for International Development project to improve soil and water management in dryland areas • William (Andy) Anderson, Robert Boxley, and Gene Wunderlich discussed U.S. land information and land use issues with the Director of the Land Division of Taiwan's Agriculture Commission • Linda Lee participated in a U.S. Environmental Protection Agency workshop on agricultural chemicals to provide input to that agency's development of a ground water protection strategy • John Lee and Cheryl Christensen went to Cairo to meet with officials of the Egyptian Ministry of Agriculture on the U.S.-Egyptian Data Collection and Analysis Project • Robert Rovinsky was a discussant at a conference on "Research Issues in Agribusiness Management" • and at the American Agricultural Economics Association's (AAEA) meeting in Reno, Joyce Allen, Elaine Grigsby, David Harrington, and Doris Newton presented invited papers • AAEA selected paper authors included Carlos Arnade, Andrew Bernat,

William Boggess (visiting professor from the University of Florida) Christine Bolling, David Bush, Lee Christensen, Roger Conway (2), Bradley Crowder, Cecil Davison, Ron Durst, Beverly Fleisher, Joseph Glauber (2), Richard Heifner, Ralph Heimlich, Linwood Hoffman, James Hrubovcak (2), Kuo Huang, Anthony Joseph, C.S. Kim, Michael LeBlanc, Linda Lee, William Lin (2), Allan Lines, Richard Magleby, Douglas Maxwell, Mary McCarthy, Mitchell Morehart, Thomas Miller, Richard Nehring, Elizabeth Nielsen, Frederick Nelson, Mark Newman, Edward Overton, Gerald Plato, Edward Reinsel, Robert Reinsel (2), Marc Ribaud, Stacy Rosen, Clifford Rossi, Priscilla Salant, Brooke Schwartz, Parveen Setia (visiting professor from the University of Illinois), Shahla Shapouri, Jerry Sharples, Sara Short, Richard Stillman, Larry Traub, Michael Weiss, Paul Westcott, Edwin Young (2), and James Zellner (2) • AAEA symposia organizers and moderators included Mary Ahearn, Joyce Allen, Nicole Ballenger, William Boggess, Stan Daberkow, Linda Langner, Chinkook Lee, John Miranowski, and Tanya Roberts • ERS staff who presented papers at AAEA symposia included Mary Ahearn, Joyce Allen, Nicole Ballenger, Karen Bunch, Lon Cesal, Robert Coltrane, Gregory Hanson, James Johnson, Larry Karp, William Kost, Linda Langner, Chinkook Lee, Linda Lee, Karl Mileke, John Miranowski, Clayton Ogg, Karen Parham, Katherine Reichelderfer, Tanya Roberts, Lyle Schertz, Gerald Schluter, and Jerry Sharples • David Harrington, John Lee, Linda Lee, Michael Salassi, and Jerome Stam presided at AAEA sessions • and Adrie Custer managed the ERS exhibit. □